



WESTERN LAND SERVICES

March 9, 2007

Utah Division of Oil, Gas & Mining
Diana Mason
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114-5801

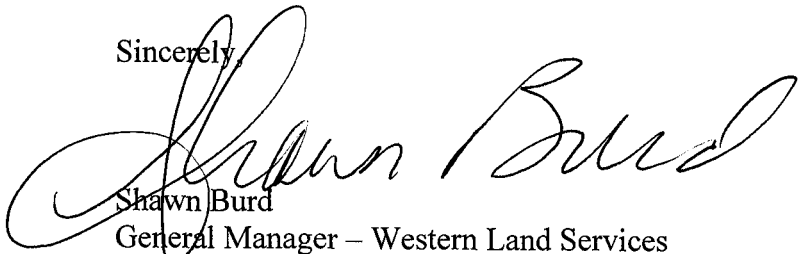
Dear Diana:

Royalite Petroleum Corporation "Royalite" proposes to drill the Royalite Federal #27-1 well situated in T27S – R3W; Section 27: NE/NE where the Department of the Interior – Bureau of Land Management (BLM) is the surface and mineral owner.

Enclosed you will find the APD/ SUP, well plat, engineered drawings along with an approved document from the State of Utah – Division of Water Resources and other documents necessary for the approval of this exploratory well.

Royalite wishes to hold this information as "Confidential" or under a "Tight Hole" status. If you have any questions regarding the Royalite Federal #27-1 submittal, please contact me at (435) 896-5501 or on my mobile (435) 979-4689.

Sincerely,



Shawn Burd
General Manager – Western Land Services
Authorized Agent for Royalite Petroleum Corporation.

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DIV. OF OIL, GAS & MINING

CONFIDENTIALSTATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: UTU-84292	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input checked="" type="checkbox"/> GAS <input type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: Royalite Petroleum Corporation				9. WELL NAME and NUMBER: Royalite Federal #27-1	
3. ADDRESS OF OPERATOR: 3001 Riviera Road CITY Austin STATE TX ZIP 78733			PHONE NUMBER: (512) 402-0910		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 660' FNL; 1,198 FEL 396652 X 38.440420 AT PROPOSED PRODUCING ZONE: SAME 42551404 -112.184184				10. FIELD AND POOL, OR WILDCAT: Wildcat	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Two miles southeast of Marysville, Utah				12. COUNTY: Piute	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) N/A (not directional)		16. NUMBER OF ACRES IN LEASE: 1600		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) N/A (not directional)		19. PROPOSED DEPTH: 8,500		20. BOND DESCRIPTION: UTB000252	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 6441 GR		22. APPROXIMATE DATE WORK WILL START: 4/10/2007		23. ESTIMATED DURATION: 45 Days	

24.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
30"	20" X42 78	120	redi Mix 10 cu yd
12-1/4"	9-5/8" J55 36	2,000	lead CBM lite 250sx 4.12 10.5
			tail premium plus 275sx 1.19 15.6
8-3/4"	5-1/2" N80 15.5	8,500	50:50 POZ 900sx 1.21 14.35

25.

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Shawn Burd - Authorized Agent for:

TITLE Royalite Petroleum Corporation

SIGNATURE

DATE

(This space for State use only)

API NUMBER ASSIGNED:

43-031-30014

Approved by the
Utah Division of
Oil, Gas and Mining

APPROVAL:

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DIV. OF OIL, GAS & MINING

(11/2001)

Federal Approval of this
Action is Necessary

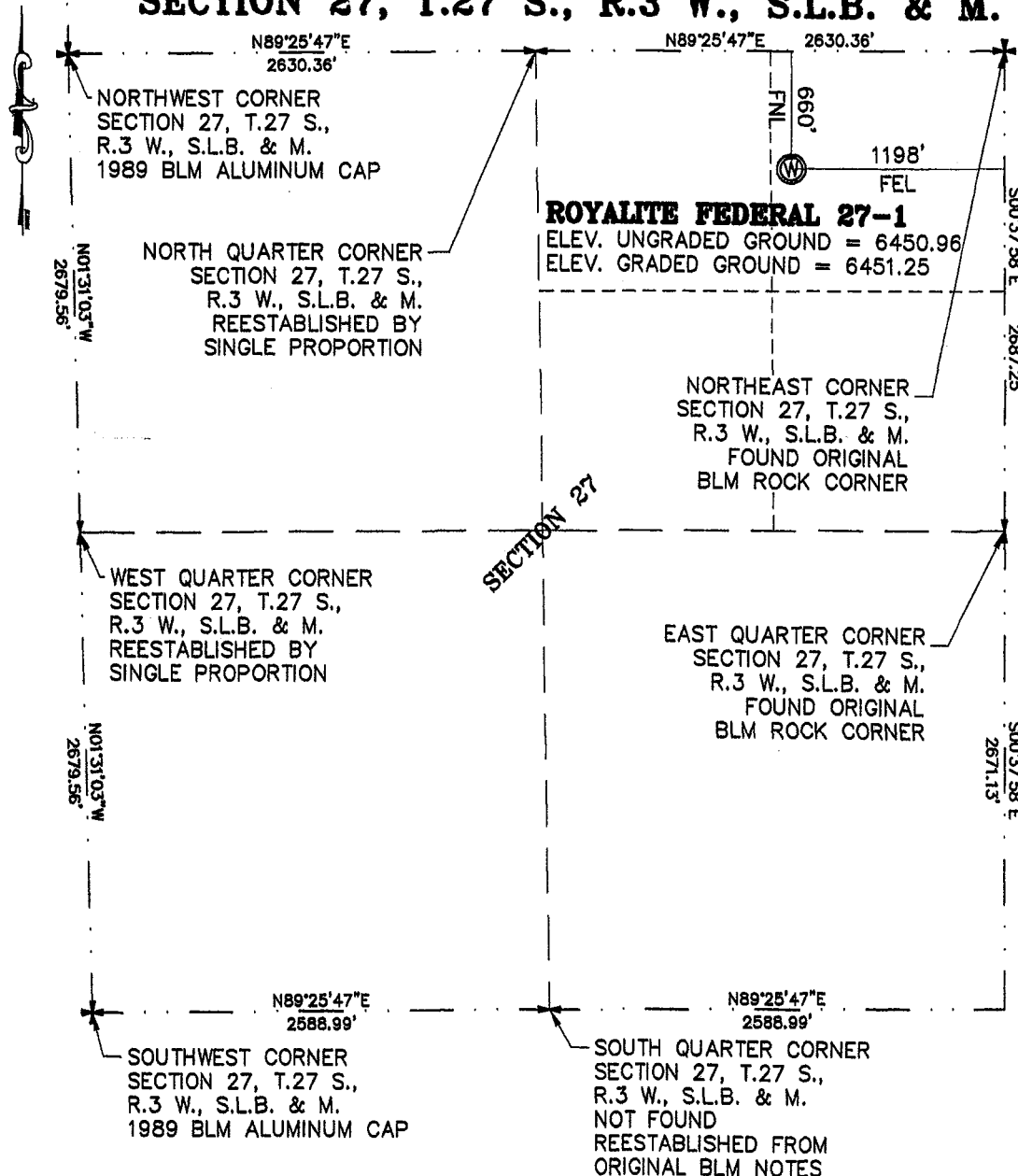
(See Instructions on Reverse Side)

Date: 03-28-07

By: [Signature]

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SECTION 27, T.27 S., R.3 W., S.L.B. & M.



PROJECT

ROYALITE PETROLEUM CORPORATION
WELL LOCATION, LOCATED AS SHOWN
IN THE NE 1/4 OF THE NE 1/4 OF
SECTION 27, T.27 S., R.3 W., S.L.B. & M.,
PIUTE COUNTY, UTAH

LEGEND



SECTION CORNER AS NOTED
QUARTER CORNER AS NOTED
PROPOSED WELL LOCATION



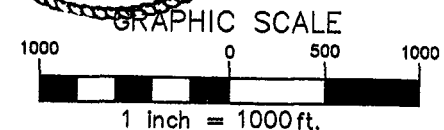
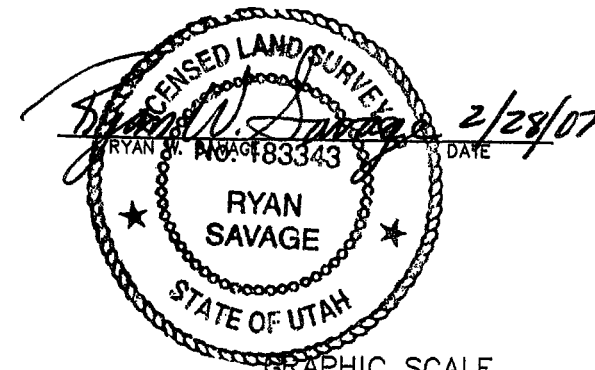
NOTE: THE PURPOSE OF THIS SURVEY WAS TO PLAT
THE ROYALITE FEDERAL 27-1 WELL
LOCATED IN THE NE 1/4 OF THE NE 1/4 OF
SECTION 27, T.27 S., R.3 W., S.L.B. & M.,
PIUTE COUNTY, UTAH.

BASIS OF ELEVATION

ELEVATION BASED ON TRIANGULATION STATION "LAKE"
LOCATED IN THE SOUTHWEST 1/4 OF SECTION 28, T.28 S.,
R.3 W., S.L.B. & M.
ELEVATION USED 6251.69.

CERTIFICATE

THIS IS TO CERTIFY THAT THIS PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME UNDER
MY SUPERVISION, AND THAT THE SAME ARE TRUE AND
CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



BASIS OF BEARING

BASIS OF BEARING USED WAS N89°25'47"E BETWEEN THE NORTHWEST CORNER
AND THE NORTHEAST CORNERS OF SECTION 27, T.27 S., R.3 W., S.L.B. & M.

WELL LATITUDE: 38°26'25.795"N OR 38.4404985
WELL LONGITUDE: 112°11'05.203"W OR -112.1847786

Savage Surveying, INC.

Ryan W. Savage, PLS
PO Box 892
275 S 800 W
Richfield, UT 84701
Phone: 435-896-8635
Fax: 435-896-8635
Cell: 435-201-1345



ROYALITE FEDERAL 27-1 LOCATION PLAT

ROYALITE PETROLEUM CORPORATION

DRAWING NAME	SCALE	DATE	PROJECT NUMBER	SHEET NUMBER
LOCATION	1" = 1000'	2/24/07	0811-005S	1
DESIGNED BY:	SURVEYED BY:	CHECKED BY:	DRAWN BY:	
T.M.	T.K.S.	R.W.S.	R.W.S.	



WESTERN LAND SERVICES

March 9, 2007

Utah Division of Oil, Gas & Mining
Diana Mason
1594 W. N. Temple Suite 1210
Salt Lake City, Utah 84114-5801

RE: Royalite Petroleum Corporation requests permission to drill the Royalite Federal #27-1 well

Diana:

Pursuant to Rule R649-3-11 of the State's Oil & Gas Conservation regulations, Royalite Petroleum Corporation "Royalite" hereby makes application for approval to drill an oil well situated in Township 27 South – Range 3 West; Section 27: NE/NE on lands administered by the Department of the Interior – Bureau of Land Management (BLM). Both the surface and minerals are held by the BLM. The BLM has leased the minerals out to Royalite under lease number #UTU – 84292.

Royalite proposes to drill the Royalite Federal #27-1 well to a total depth of 8,500 feet and is an exception to Rule R649-3-3. The nearest leasehold is held by the Department of the Interior – Bureau of Land Management, which falls within 460 feet of the proposed bore hole, and is the same lease as previously described. The nearest leasehold surrounding the proposed Royalite Federal #27-1 is held by the Department of the Interior – Bureau of Land Management and is managed by Royalite Petroleum under lease number UTU-84291.

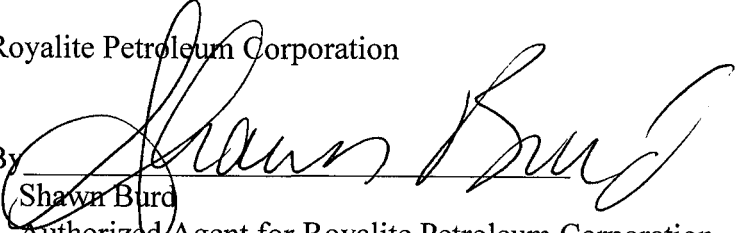
Royalite proposes to use a vertical drilling program for the Royalite Federal #27-1 well. This well is situated outside of the legal drilling window to avoid large power transmission lines, minimize surface disturbance and operational costs allowing Royalite to explore into the target bottom-hole location. Other alternatives were identified but the proposed access route and well location provides the most environmentally sensitive options. Attached hereto is a plat as required by the Commissions rules and regulations.

If no objections are filed, the applicant requests that this application be approved. If objections are filed, applicant requests the matter be set for hearing and that it be advised of the hearing date.

Respectfully submitted,

Royalite Petroleum Corporation

By



Shawn Burd

Authorized Agent for Royalite Petroleum Corporation

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DIV. OF OIL, GAS & MINING

WESTERN LAND SERVICES - UTAH DIVISION

195 North 100 East, Suite 201 • Richfield, UT 84701 • Phone: (435) 896-5501 • Fax: (435) 896-5515

Web: www.westernls.com

ROYALITE PETROLEUM CORPORATION

Federal 27-1

NE NE Section 27 T27S-R3W

Piute Co., Utah

DRILLING PROGNOSIS

1. Estimated tops of important geological markers – TVD:

Estimated G.L. 6000' ASL
Estimated K.B. 6018' ASL

<u>Formation</u>	<u>Lithology</u>	<u>Interval</u>
Arapien	Shale, Anhydrite, Siltstones	0' – 5175'
Carmel	Carbonates	5175'-5310'
Navajo	Sandstone w/ minor shale	5,310' - 6500'
Kayenta	Sandstone w/ minor shale	6,500'-7,560'
Chinle	Shale	7,560'-8,460'
Sinbad	Sandstone	8,460'-8,500'
Total Depth		8,500'

2. Estimated depths of anticipated water, oil, gas or mineral formations:

<u>Formation</u>	<u>Depth</u>	
Navajo	5,310'	water/oil - possible
Sinbad	8,460'	water/oil - possible

3. Proposed hole sizes, casing size and cementing program:

The proposed well will be drilled to a TVD of 8,500'. Directional tools will be used to control deviation only.

A.) Hole size and casing program:

Hole Size	Casing Size	Wt./Ft.	Grade	Joint	Measured Depth Set
30"	20"	78#		PE welded	120' BGL
12¼"	9-5/8"	36.0#	J-55	LTC	0'-2,000'
8-3/4"	5½"	15.5#	N-80	LTC	0'-8,500'

Hole Size	Casing Size	Drift ID, in.	OD of Couplings	Annular Volume in OH, cf/ft	Annular Volume in Csg, cf/ft	Capacity of casing, cf/ft
30"	20"	19.2	welded	2.73	NA	2.19
12¼"	9-5/8"	8.765	10.625	0.3132	1.500	0.4340
8-3/4"	5½"	4.767	6.050	0.2526	0.2691	0.1305

Casing Mechanical Properties:

Casing Size		9-5/8"	5-1/2"
Casing Grade		J-55	N-80
Wt. of Pipe #/ft		36.0	17.0
Setting Depth		2000	8500
Max Mud Weight Inside		9.5	10.5
Max Mud Weight Outside		9.5	10.5
Desired Cement Top		0	5000
Hydrostatic Inside (dry outside), psi		988	4641
Min. Internal Yield, psi		3520	7740
Burst Safety Factor		3.56	1.67
Hydrostatic Outside (dry inside), psi		988	4641
Collapse Resistance, psi		2020	6290
Collapse Safety Factor		2.04	1.36
Weight in Air, #'s		72,000	144,500
Body Yield, #'s		564,000	397,000
Joint Strength, 000's of #'s		453,000	348,000
Ratio – Weight/Body Yield		0.1	0.4
Tension Safety Factor		6.29	2.41

Casing strings will be pressure tested to 0.22 psi/foot of casing string length or 1500 psig, whichever is greater (not to exceed 70% of the internal yield of the casing), after cementing and prior to drilling out from under the casing shoe.

A pressure integrity test will be done at each casing shoe. The formation at the shoe will be tested to a minimum of the mud weight equivalent anticipated to control formation pressure to the next casing depth. This test will be performed before drilling more than 20' of new hole.

B) Cementing program:

Surface Casing: Cement job is designed to circulate cement to surface using fill factor 1.5
Lead Slurry: 250sx CBM lite; weight 10.5 ppg, yield 4.12 cfps
Tail Slurry: 275sx Premium Plus; weight 15.6 ppg, 1.19 cfps

Intermediate Casing: none planned

Production Casing: Cement job is designed for 3500' of fillup using fill factor 1.25
Lead Slurry: 900sx 50:50 POZ; weight 14.35ppg; yield 1.21 cfps

4. Mud Program:

Interval	Mud Type and Characteristics
Surface to 2,000'	Fresh water mud, 8.5 ppg
2,000' to 8,500'	Salt saturated mud, max 10.5 ppg

Sufficient mud material to maintain mud properties, control loss circulation and contain a blowout will be available at the well site during drilling operations.

5. Formation Evaluation Program:

- A) Cores: none anticipated
B) DST's: none anticipated
C) Mud Log: 120' to 8,500' TD
D) Electric Logs:

SDL/DSN/GR
DLL/MSFL/SP/GR for brine mud system
EMI or dip

TD to surf csg

Yes

Yes

Yes

Sidewall Cores (approx 20 cores)

Optional

6. Pressure Control and Safety Equipment: (bottom to top)

11" 3M x 9-5/8" SOW casing head w/ (2) 2" LPO

11" 3M x 11" 5M DSA if required (depending upon rig stack)

11" 3M x 11" 3M mud cross with (2) side outlets:

one outlet 2" kill line

one outlet 3" choke line

11" 3M double ram BOP w/ pipe rams top & CSO rams btm

11" 3M Annular Preventer

11" 3M rotating head

Connect BOP to 3M choke manifold with pressure gauge

Upper kelly cock valves with handles available

Safety valves and subs to fit all drill string connections in use

Inside BOP or float sub available

Testing Procedure:

Annular Preventer

The annular preventer will be pressure tested to 1500 psi for a period of ten minutes or until provisions of the test are met, whichever is longer. At a minimum, the pressure test will be performed:

- 1) When the annular is initially installed
- 2) Whenever any seal subject to test pressure is broken
- 3) Following related repairs and at 30 day intervals

The annular preventer will be functionally operated once per week.

Blowout Preventer

The BOP, choke manifold and related equipment will be pressure tested to 3000 psi. Pressure will be maintained for a period of at least ten minutes or until the requirements of the test are met, whichever is longer. At a minimum the pressure test will be performed:

- 1) When the BOP is initially installed
- 2) Whenever any seal subject to test pressure is broken
- 3) Following related repairs and at 30 day intervals

The pipe and blind rams will be activated each trip, but not more than once each day. All BOP drills will be recorded in the IADC driller's log.

Accumulator:

The accumulator will have sufficient capacity to open the hydraulically controlled gate valve (if so equipped), close all rams plus the annular preventer, and retain a minimum of 200 psig above pre-charge on the closing manifold without the use of the closing unit pumps. The reservoir capacity will be double the accumulator capacity, and the fluid level will be maintained at the manufacturer's recommendations. The accumulator shall have two (2) independent power sources to close the preventers. Nitrogen bottles may be one of the independent power sources and, if so, shall maintain a charge equal to the manufacturer's specifications.

The accumulator pre-charge pressure test will be conducted prior to connecting the closing unit to the BOP stack and at least once every six months thereafter.

Choke Manifold Equipment, Valves and Remote Controls

All choke lines will be straight lines unless turns use tee blocks or are targeted with running tees, and will be anchored to prevent whip and vibration

A valve will be installed in the closing line as close as possible to the annular preventer to act as a locking device. This valve will be maintained in the open position and will be closed only when the power source for the accumulator is inoperative.

Remote controls shall be readily accessible to the driller. Remote controls will be capable of both opening and closing all preventers. Master controls will be at the accumulator and will be capable of opening and closing all preventers and the choke line valve (if so equipped).

The choke manifold and BOP extension rods with hand wheels will be located outside the rig sub structure. The hydraulic BOP closing unit will be located at least twenty-five feet from the well head but readily accessible to the driller.

A flare line will be installed after the choke manifold, extending 100 feet from the center of the drill hole to a separate flare pit.

Pit Alarms & Flow Sensor:

Once surface casing has been set and the BOP nipped up, a flow sensor will be utilized in the flow line and pit level sensors will be used until the well has production casing installed or is P&A'd.

6. Abnormal Conditions:

- A. No abnormal temperatures or pressures are anticipated. No H2S has been encountered in or known to exist from previous wells drilled in the general area
- B. The Arapien section is expected to be highly deformed and heterogeneous shales, siltstones, evaporates and salt. Previous experience has shown this to be a difficult interval to drill from a hole stability, fluid loss and pipe sticking standpoint.

7. Anticipated Starting Date:

Anticipated commencement date	March 1, 2007 ¹ .
Drilling days	approximately 30 days
Completion days	approximately 14 days

8. Notification of Operations:

Utah Division of Oil, Gas, and Mining (Salt Lake City)
801-538-5340
United States Bureau of Land Management (Richfield Office)
435-896-1500
United States Bureau of Land Management (Salt Lake City Office)
801-539-4045

PRESSURE CONTROL SYSTEM SCHEMATIC

Prepared by:
EXACT Engineering, Inc
Tulsa, OK (918) 599-9400

3M BOP Stack --- to be installed on to 9-5/8" surface casing

Operator:

Royalite Petroleum Corporation

Well name and number

Royalite Federal 27-1

Max. anticipated surface pressure 3000 psi

Annular B.O.P. 11" - 3M WP

B.O.P. pipe Rams 11" - 3M W.P.
(Pipe/Blind)

B.O.P.
___ Manual
X Hydraulic
___ Sour Trim

B.O.P. blind Rams 11 - 3M W.P.
(Pipe/Blind)

Check Valve 2" 3M WP

Valve 2" 3M WP

Valve 2" 3M WP

Valve 3" 3M WP

Valve 3" 3M WP

Kill Line Manifold

Manifold Line
Line 3" 3M WP

Spool 11" 3M x 11" 3M x 2" x 3" 3M outlets

Wellhead 11" 3M x 9-5/8" SOW csg head

Ground level

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Royalite Federal 27-1 Surface Use Plan of Operations

Existing Roads: The vicinity map, Sheet 1 indicates the proposed well site and the proposed access route. The map also shows the sections of the access route that will use existing roads and where new construction will be required. All existing roads will be maintained in as good or better condition than they are now. Newly constructed roads will be maintained in that same condition.

Access Roads to Be Constructed and Reconstructed: Construction Diagrams PP-1, PP-2 and PP-1 show the width, maximum grade, culverts and drainage design that will be required for the new access road. It is believed that the surface substrate material will provide for structure as well as traction during wet conditions. If additional surface material is needed it will be acquired from an approved source.

Location of Existing Wells: There are no wells (water, injection or disposal, producing or being drilled) within a 1-mile radius of the proposed location.

Location of Existing and/or Proposed Facilities if Well is Productive:

(a) On well pad - Construction Diagram PP-1 shows the layout of all facilities on the proposed well pad.

(b) Off well pad - There will be no off site facilities needed.

If the well is completed for production, additional facilities will be required and will be applied for as part of the application for subsequent operations.

Location and Type of Water Supply (Rivers, Creeks, Lakes, Ponds, and Wells):

Water for the Royalite well 27-1 will be obtained from water purchased from Paul Swalberg which is irrigation water from water right #63-3142. This water shall be drafted from the Sevier River at the bridge crossing East of Marysvale NE 1/4 Sec 20. Also a secondary source is available with the Town of Marysvale.

Construction Materials: Natural earth materials used for the construction of roads and fills will be taken from locations essentially contiguous to or nearby the locations to be improved. If additional surface material is needed it will be acquired from an approved source.

Methods for Handling Waste disposal: The reserve pit will be used for the disposal of waste mud and drill cuttings. All borehole fluids will be contained in the reserve pit. All appropriate measures will be taken to prevent leakage into the substratum or onto the surface. All appropriate measures will be taken to prevent overflow, and a minimum of 2

feet of freeboard will be maintained in the reserve pit. It will be constructed on the well pad (see Construction Diagram PP-1).

Wastewater will not be discharged on the surface at this site and the drilling of the well will not require a wastewater management plan.

All rubbish and debris will be kept in containers on the well site, and will be hauled to an approved disposal site upon completion of drilling and completion operations and as needed during such operations. There will be no chemical disposal of any type.

Self-contained, portable toilets will be used for human waste, and the waste will be disposed at an approved landfill. Sanitation will comply with local and state regulations for the disposal of human waste.

Ancillary Facilities: No ancillary facilities will be required.

Well Site Layout: Construction Diagram PP-1 shows the proposed well site layout which includes location of the reserve pit and access road onto the pad, turnaround areas, parking areas, living facilities, soil material stockpiles, and the orientation of the rig with respect to the pad and other facilities. Construction Diagram PP-1 shows cuts and fills required for construction, and their relationship to topography.

The pit will be lined with a synthetic liner having a minimum thickness of 12 mills and if the reserve pit is built in rock, geotextile or some other suitable material will be utilized

Plans for Reclamation of the Surface: Reclamation of the surface will commence as soon after construction, drilling and well completion are concluded, as is practicable. In the event of a dry hole, the drill site and roadways will be restored to their original condition within 180 days after plugging date of the well, depending on weather and other extenuating circumstances. If the well goes into production those portions of the pad not needed would be restored to their original condition. When the well is plugged after production ceases the pad and access road will be restored to their original condition.

All junk, debris, or other foreign material must be removed before initiating any dirt work to restore the location. The fence around the reserve pit will be maintained in good repair during the drilling operations and will be completed by constructing the fourth side while the pit is drying. It will remain in place until the pit is completely dry and the site restoration begins. All fences will be four strand barbed wire construction.

The reserve pit and that portion of the location and access road not needed for production or production facilities will be reclaimed. All stockpiled topsoil, in proportion the area being reclaimed, will be used in reclaiming areas without an on-going operation.

Site reclamation will include:

- Removing the road base material from the access road and any other surface that may be covered by such material;
- Recontouring the location to approximate natural contours, to the extent practicable; evenly redistributing stockpiled topsoil over the recontoured areas;
- Scarifying recontoured areas, including the access road, by use of a disk or harrow prior to seeding; and
- Drilling or broadcasting seeds.

The seed mix and rate used will be that recommended by the Authorized Officer. The preferred time for seeding is fall. Seed will be drilled where-ever possible. If the seed is broadcast, then a harrow or some other implement will be dragged over the seeded area to assure seed coverage. The seed will be certified, pure live seed, and the seed tags will be available if requested by the Authorized Officer. Certified weed free seed will be used to rehabilitate reclaimed land.

All hillsides and other places where the contractor has moved earthen materials to facilitate operations, will be restored to as near original condition as practical. The surface of the re-contoured land will be left in a slightly roughened condition to collect precipitation and to promote seed germination.

Road base material, used in the construction of the access road and pad, will be removed from the site and disposed in a proper manner. If the reserve pit has adequate capacity, then some or all of the gravel will be buried in the reserve pit, provided that the gravel is not contaminated by oil or other waste materials. The access road will be recontoured using of an excavator or similar equipment, rather than simply ripping the surface. Culverts will be removed from the site. The concrete cellar will be removed from the site and similarly disposed in a landfill, or with the approval of the Authorized Officer may be broken down into small pieces and buried during the Recontouring on the site.

During the life of the project and until the site is released from liability for reclamation, the project will be inspected at least annually for noxious weeds. If invasive noxious weeds are found, the weeds will be treated to eliminate further reproduction (spread), and treatment shall continue until the weeds have been eradicated. If noxious weeds are found, the BLM will be notified of their occurrence.

Surface Ownership: The surface of the proposed well site is federally owned and is administered by the Bureau of Land Management, United States Department of Interior.

Other Information: The top 6 to 8 inches of soil material will be stripped and removed from the access road and well pad and stockpiled for future reclamation of the site. This topsoil shall be stockpiled separately from any other excavated materials. Topsoil will be reserved for reclamation and not utilized for any other purpose. If it is stockpiled for more than one year it will be reseeded with a seed mix approved by the authorized officer.

Heavy equipment, used to construct and rehabilitate the well pad and access road, will be cleaned and/or sprayed to remove any noxious or invasive weeds and seeds, prior to entering to the project site. Any other equipment and vehicles, that have been used in other locations, where noxious weeds or seeds could have attached to the equipment, will also be sprayed and/or cleaned.

Any accumulation of hydrocarbons in the reserve pit will be removed and recovered for sale unless it is determined by the Authorized Officer to be waste oil. All waste oil will be disposed of properly at approved facilities.

For reclamation, the polyurethane liner in the reserve pit, which is exposed above the cuttings, will be cut, removed from the site, and disposed in an authorized landfill. The reserve pit will be backfilled to slightly above grade to allow for settling of the unconsolidated fill material.

All equipment and vehicles will be confined to the access roads and well pad.

Any facilities in an existing right of way that are damaged as a result of the oil and gas operations will be repaired or replaced.

All permanent structures, including pumping units, constructed or installed will be painted a flat, non-reflective color, as described on page 40 of the Gold Book (Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development, 4th Edition 2006). Permanent structures are defined as being on location for six months or longer. Facilities required to comply with Occupational Safety and Health Act (OSHA) shall be excluded.

Fire suppression equipment will be available to suppress any wildfires caused by construction or related activities. In the event of a wildfire, the Richfield Interagency Fire Center will be notified.

ROYALITE PETROLEUM CORP.

3001 Riviera Road.
Austin, Texas 78733
USA

Phone (512) 402-0910
Fax (512) 494-4634
RoyalitePetro@aol.com

January 16, 2007

United States Department of the Interior
Bureau of Land Management
State of Utah – Division of Oil, Gas & Mining

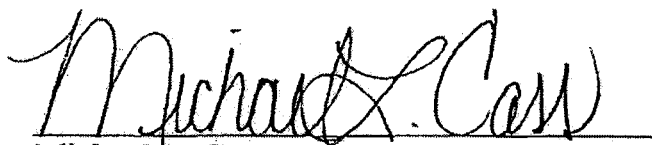
Re: Designated Agent

To Whom It May Concern:

By this letter, Michael L. Cass hereby authorized Western Land Services, Inc. to act as Agent on behalf of Royalite Petroleum Corporation within the State of Utah. Western Land Services, Inc. and its employees are authorized to enter into agreements on behalf of Royalite Petroleum Corporation with Federal, State and Local agencies and they shall have the ability to deliver and receive proprietary information for Royalite Petroleum Corporation.

If you have any questions or concerns, please feel free to contact me, Michael L. Cass, at (512)402-0910, or via e-mail at RoyalitePetro@aol.com. I thank you in advance for your cooperation.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael L. Cass", written over a horizontal line.

Michael L. Cass
President, Royalite Petroleum Corporation



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:
3104
(UT-922)

MAR 13 2007

DECISION

Obligor:	:	Bond Amount: \$25,000
Royalite Petroleum Corporation	:	
2215 Lucerne Circle	:	Bond Type: Statewide Oil and Gas Cash Bond
Henderson, NV 89014	:	
	:	BLM Bond No.: UTB0000252

Statewide Personal Oil and Gas Bond Accepted

On March 8, 2007, this office received an executed bond form and cashier's check in the amount of \$25,000. The bond has been examined, found to be satisfactory, and is accepted the date of filing.

The funds will be retained in a suspense account until all terms and conditions of your Federal leases have been fulfilled or until a satisfactory replacement bond is accepted, at which time a refund of the cash deposit will be authorized.

The bond will be maintained by this office. The bond constitutes coverage of all operations by or on behalf of the obligor on Federal leases in the State of Utah. Please note that Federal leases do not include Indian leases.

R. A. McKee
Acting Chief, Branch of Fluid Minerals



JON M. HUNTSMAN, JR.
Governor
GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

Division of Water Rights

MICHAEL R. STYLER
Executive Director

JERRY D. OLDS
State Engineer/Division Director

March 9, 2007

Paul R. and Sue Ann Swalberg
PO Box 35
Marysvale, UT 84750

RE: TEMPORARY CHANGE APPLICATION
t32563

Dear Sir:

The above numbered Temporary Change Application has been approved subject to prior rights and the following condition:

The total amount of water diverted from the Sevier River will be limited to 2.6 acre-feet of water for the uses associated with oil exploration. You are hereby required to remove 1.10 acres of land from irrigation.

Copies are herewith returned to you for your records and future reference.

Sincerely,

Kirk Forbush, P.E.
Regional Engineer
for Jerry Olds, State Engineer

cc: Ray Owens, Sevier River Commissioner

JO/KF/cr
enclosure

APPLICATION FOR TEMPORARY CHANGE OF WATER

DIVISION OF WATER RIGHTS

Rec. by Kf

MAR 9 2007

Fee Amt. \$ 75.00

STATE OF UTAH

RICHFIELD AREA

Receipt # 07-01201

CK #3043

For the purpose of obtaining permission to make a temporary change of water in the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Section 73-3-3 Utah Code Annotated 1953, as amended.

CHANGE APPLICATION NUMBER: t32563

(KFORBUSH)

WATER RIGHT NUMBER: 63-3963

This Change Application proposes to change the POINT(S) OF DIVERSION, PLACE OF USE, and NATURE OF USE.

1. OWNERSHIP INFORMATION.

A. NAME: Paul R. and Sue Ann Swalberg
ADDRESS: P.O. Box 35
Marysville UT 84750

B. PRIORITY OF CHANGE: March 2, 2007

FILING DATE: March 2, 2007

C. EVIDENCED BY:
63-3963

* DESCRIPTION OF CURRENT WATER RIGHT: *

2. SOURCE INFORMATION.

A. QUANTITY OF WATER: 0.017 cfs OR 2.6 acre-feet

B. SOURCE: Sevier River

COUNTY: Piute

C. POINT(S) OF DIVERSION.

POINT OF DIVERSION -- SURFACE:

(1) N 4.742 feet W 403 feet from E $\frac{1}{4}$ corner, Section 21, T 28S, R 3W, SLBM

3. WATER USE INFORMATION.

IRRIGATION: from Apr 1 to Oct 31.

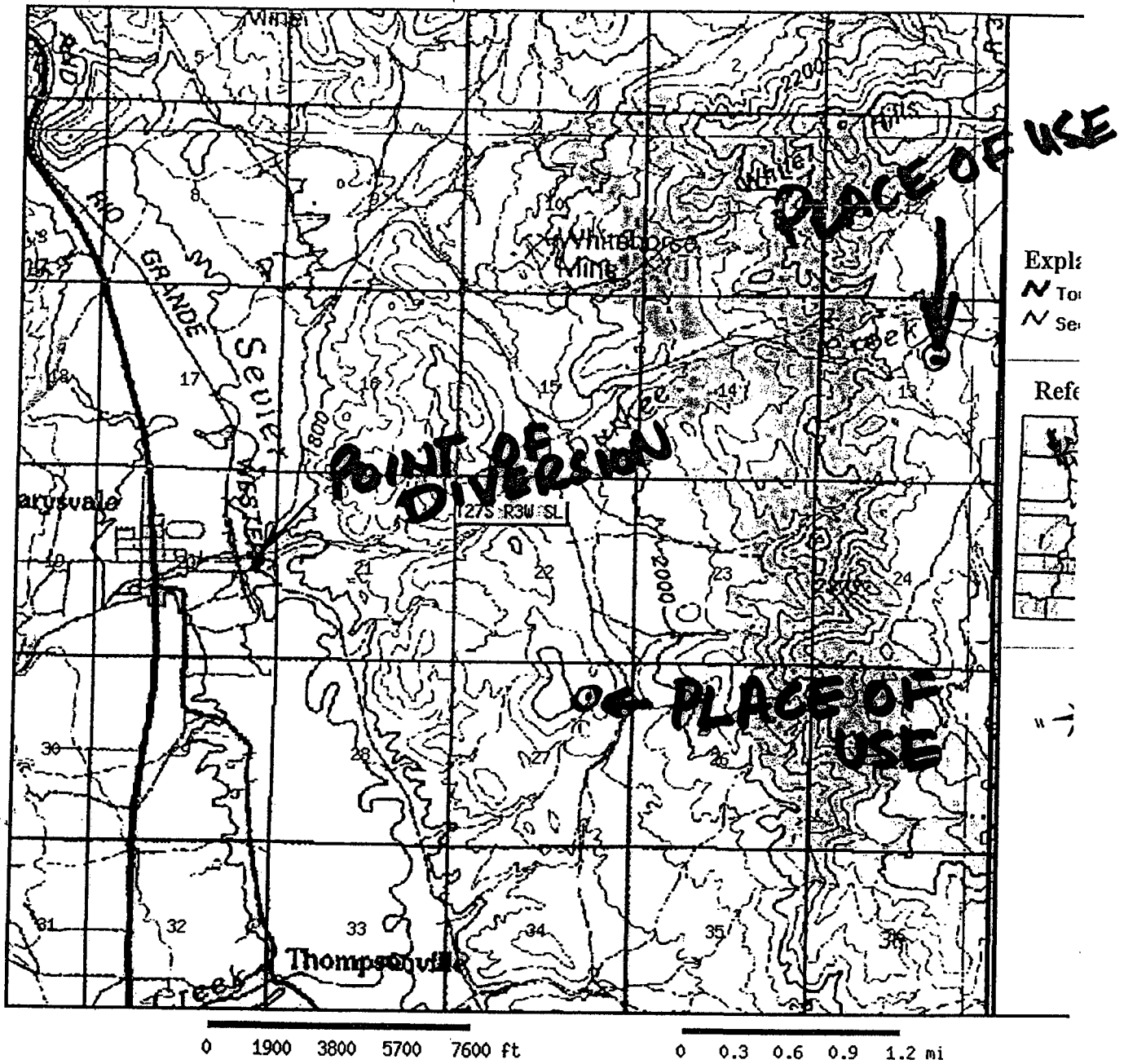
IRRIGATING: 1,1000 acres.

8. SIGNATURE OF APPLICANT(S).

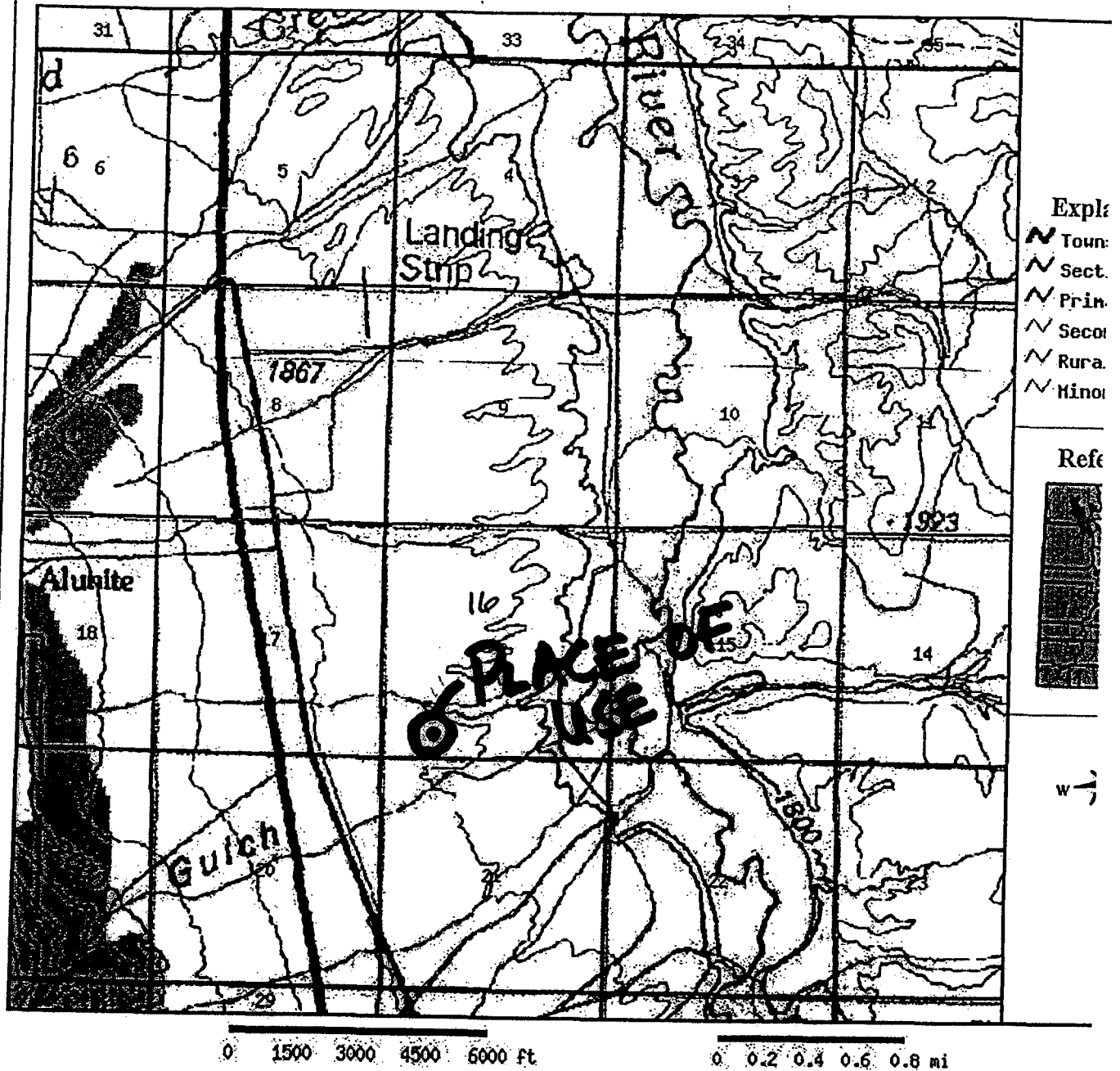
The undersigned hereby acknowledges that even though he/she/they may have been assisted in the preparation of the above-numbered application, through the courtesy of the employees of the Division of Water Rights, all responsibility for the accuracy of the information contained herein, at the time of filing, rests with the applicant(s).

Paul R. Swalberg Sue Ann Swalberg
Paul R. and Sue Ann Swalberg

Utah Division of Water Rights



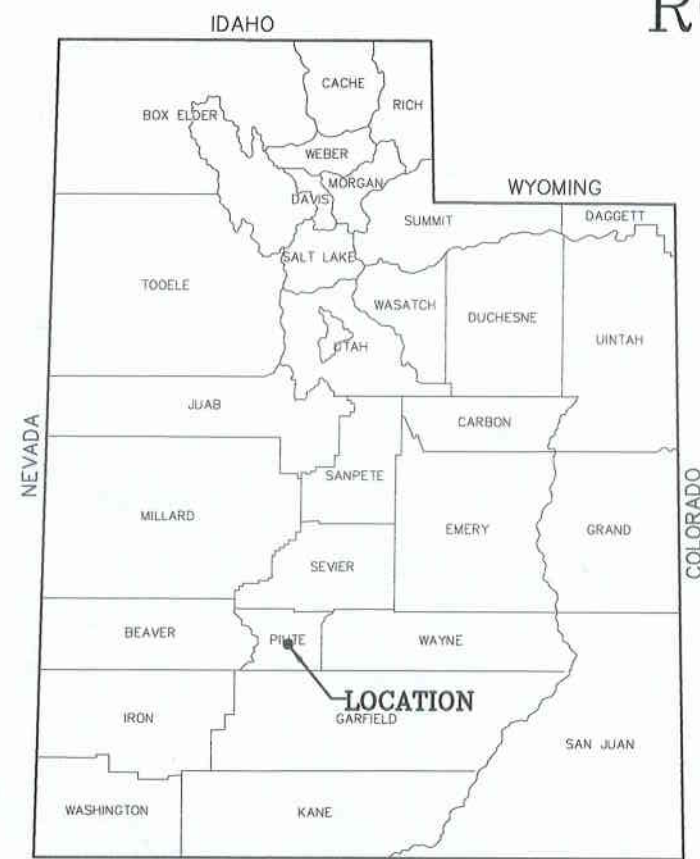
Utah Division of Water Rights



T28S R3W SLBM

CONFIDENTIAL

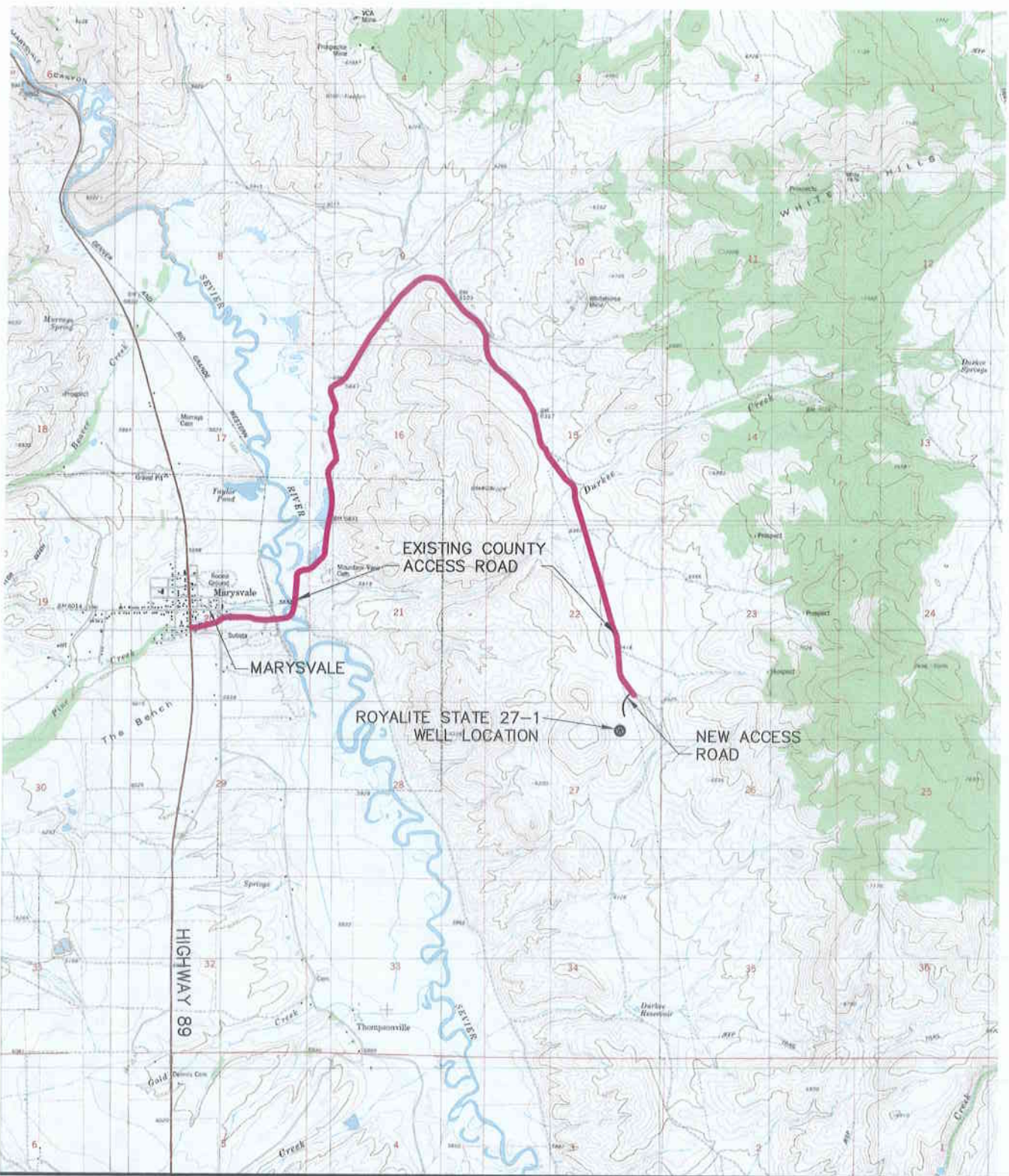
ROYALITE PETROLEUM CORP.
ROYALITE REDERAL 27-1 WELL PAD



VICINITY MAP

APPROVAL

RECOMMENDED FOR APPROVAL:	
ENGINEER	DATE
APPROVED:	
	DATE

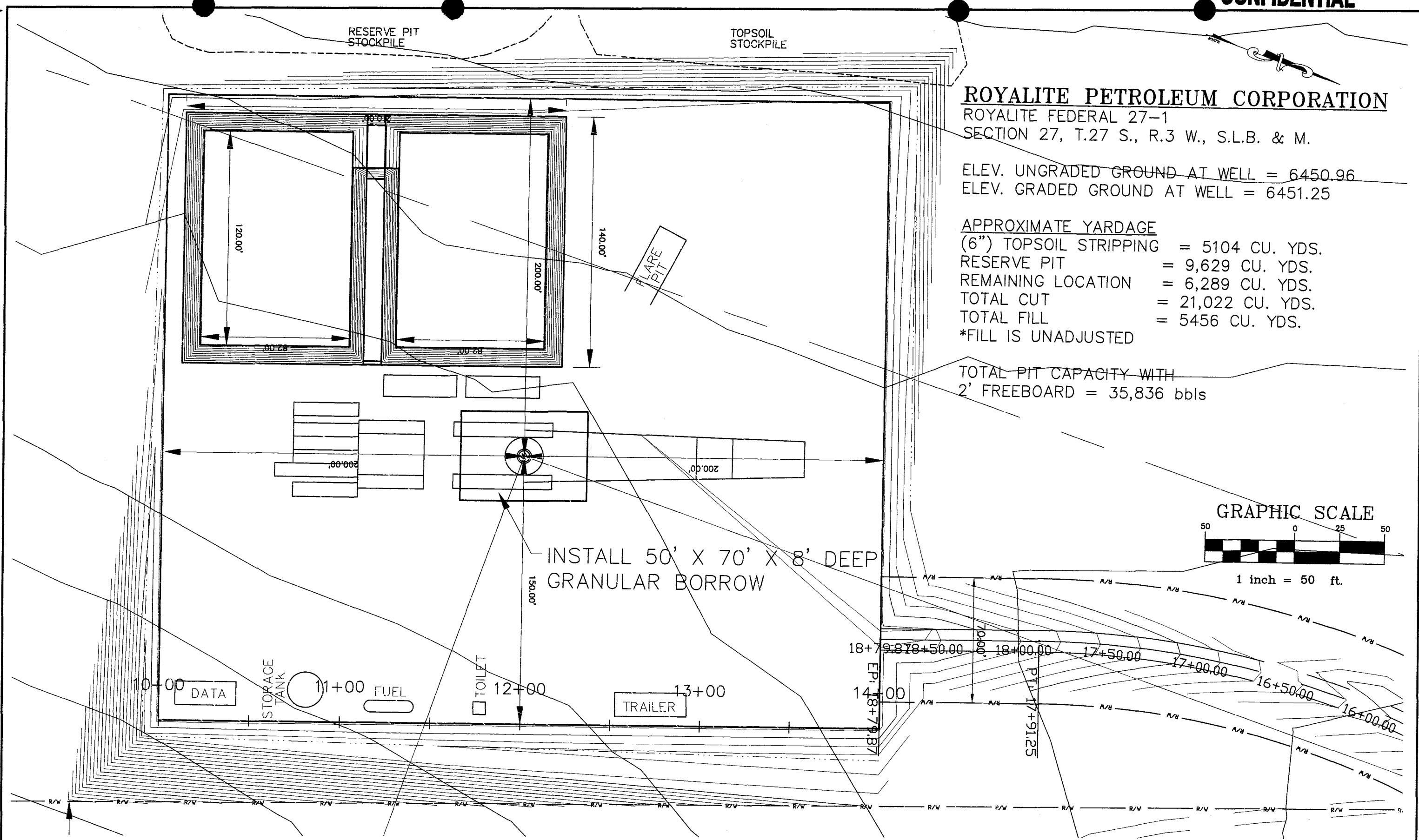


Savage Surveying, LLC
Ryan W. Savage, PLS
PO Box 892
275 S 800 W
Richfield, UT 84701
Home: 435-896-8635
Fax: 435-896-8635
Cell: 435-201-1345



VICINITY MAP FOR ROYALITE FEDERAL 27-1
ROYALITE PETROLEUM CORP.

ENGINEER T.M.	SCALE NONE	SHEET NO. 1
CHECKED R.W.S.	PROJ# 0611-005S DWG.NM: PLAN COVER	
DRAWN D.G.	DATE 02-28-07	

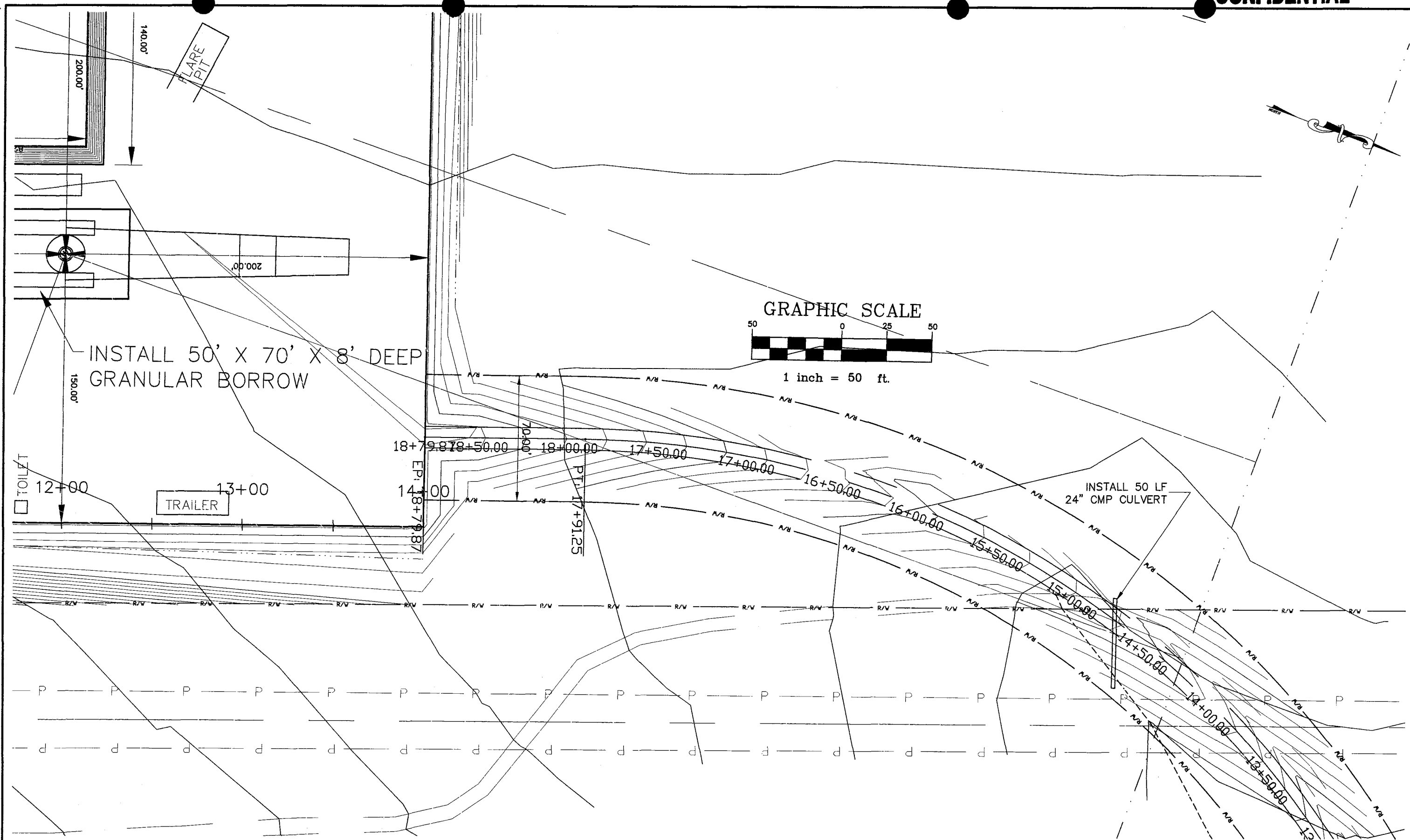


Savage Surveying, INC.
 Ryan W. Savage, PLS
 PO Box 892
 275 S 800 W
 Riverton, UT 84701
 Home: 35-896-8635
 Fax: 35-896-8635
 Cell: 35-261-1345



ROYALITE FEDERAL 27-1
ROYALITE PETROLEUM CORPORATION

ENGINEER T.M.	SCALE 1"= 50'	SHEET NO. PP-1
CHECKED R.W.S.	PROJ# 0811-005S DWG.NM: PP-1	
DRAWN R.W.S.	DATE 02/24/07	



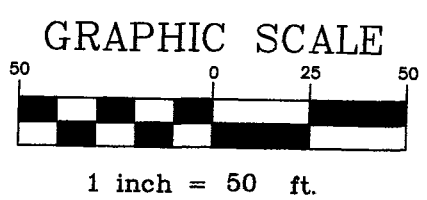
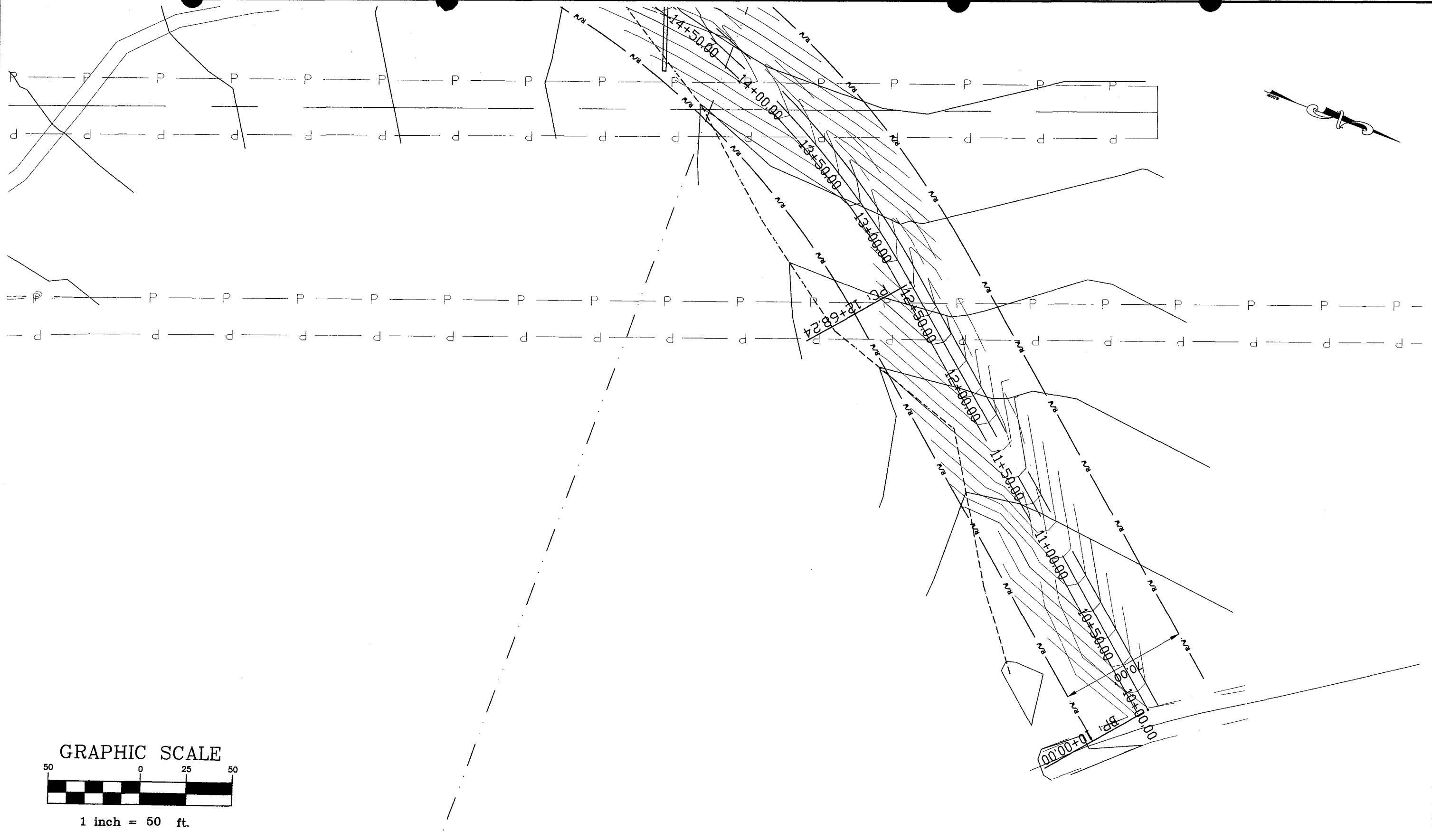
Savage Surveying, INC.

Ryan W. Savage, PLS
PO Box 892
275 S. 800 W.
Riverton, UT 84701
Home: 435-896-8635
Fax: 435-896-8635
Cell: 435-266-1345



ROYALITE FEDERAL 27-1
ROYALITE PETROLEUM CORPORATION

ENGINEER T.M.	SCALE 1" = 50'	SHEET NO. PP-2
CHECKED R.W.S.	PROJ# 0611-006S DWG.NM: PP-2	
DRAWN R.W.S.	DATE 02/24/07	

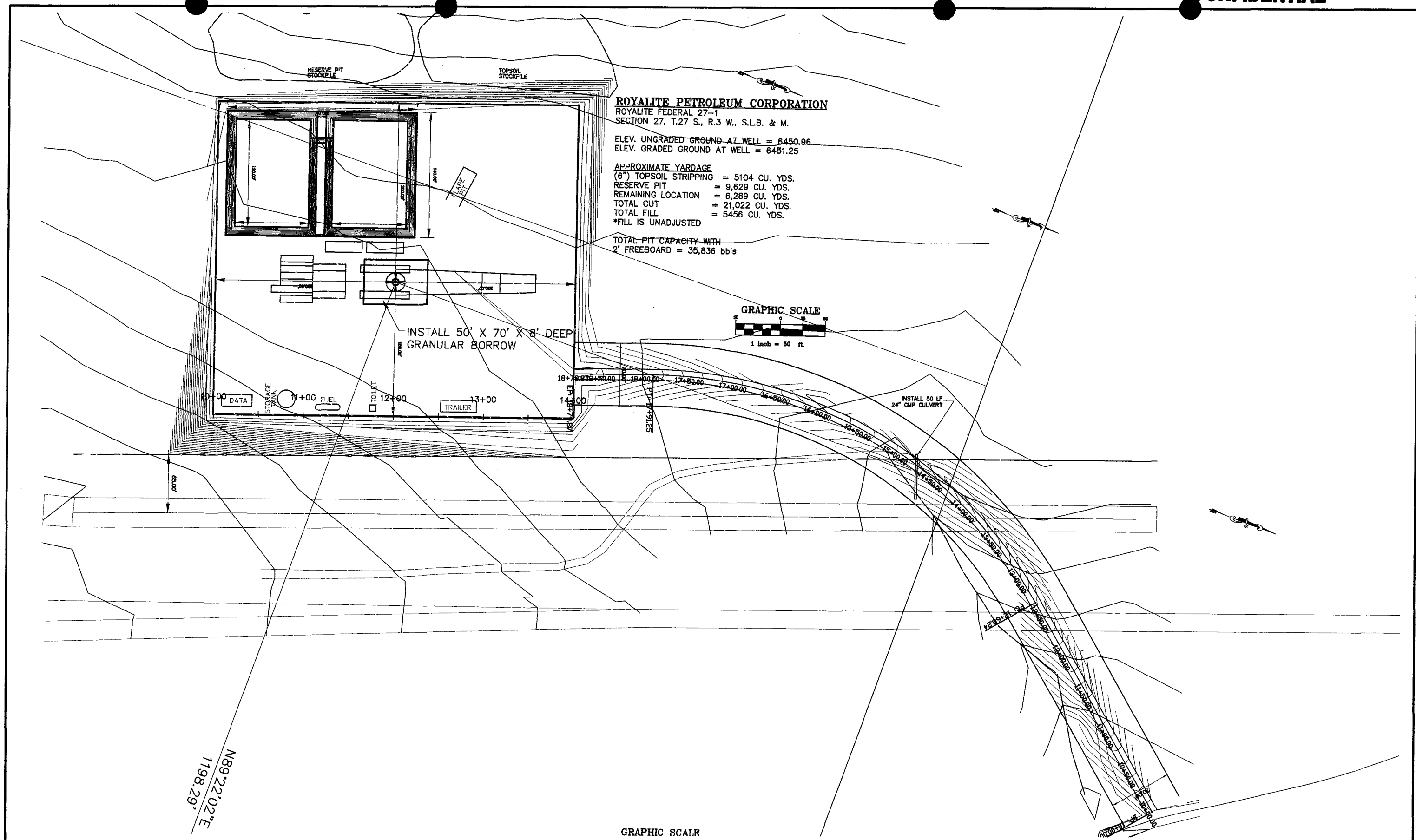


Savage Surveying, INC.
 Ryan W. Savage, PLS
 PO Box 892
 279 S. 100 W.
 Richfield, UT 84701
 Home: 435-896-8635
 Fax: 435-896-8635
 Cell: 435-283-1345



ROYALITE FEDERAL 27-1
 ROYALITE PETROLEUM CORPORATION

ENGINEER T.M.	SCALE 1"= 50'	SHEET NO. PP-3
CHECKED R.W.S.	PROJ#: 0611-005S DWG.NM: PP-2	
DRAWN R.W.S.	DATE 02/24/07	



Savage Surveying, INC.

Ryan W. Savage, PLS
 PO Box 892
 275 S. 100 W.
 Richfield, UT 84701
 Home: 435-896-8635
 Fax: 435-896-8635
 Cell: 435-204-1345



ROYALITE FEDERAL 27-1
ROYALITE PETROLEUM CORPORATION

ENGINEER T.M.	SCALE 1" = 50'	SHEET NO. PP
CHECKED R.W.S.	PROJ# 0611-005S DWG.NM: PP-1	
DRAWN R.W.S.	DATE 02/24/07	

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 03/23/2007

API NO. ASSIGNED: 43-031-30014

WELL NAME: ROYALITE FED 27-1

OPERATOR: ROYALITE PETROLEUM (N3150)

CONTACT: SHAWN BURD

PHONE NUMBER: 512-402-0910

PROPOSED LOCATION:

NENE 27 270S 030W

SURFACE: 0660 FNL 1198 FEL

BOTTOM: 0660 FNL 1198 FEL

COUNTY: PIUTE

LATITUDE: 38.44042 LONGITUDE: -112.1842

UTM SURF EASTINGS: 396652 NORTHINGS: 4255140

FIELD NAME: WILDCAT (1)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
-------------	----------	------

Engineering		
-------------	--	--

Geology		
---------	--	--

Surface		
---------	--	--

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-84292

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: SNBDL

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UTB000252)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit

(No. T32563)

☒ RDCC Review (Y/N)

(Date:)

☒ Fee Surf Agreement (Y/N)

☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: _____

___ R649-3-2. General

___ Siting: 460 From Qtr/Qtr & 920' Between Wells

☒ R649-3-3. Exception

___ Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1. Federal Approval
2. Spacing Strip

7S R3W

21

22

23

28

27

26

33

34

35

ROYALITE FED 27-1

OPERATOR: ROYALITE PETRO CORP (N3150)

SEC: 27 T.27S R. 3W

FIELD: WILDCAT (001)

COUNTY: PIUTE

SPACING: R649-3-3 / EXCEPTION LOCATION

- | Field Status | Unit Status |
|--------------|--------------|
| ABANDONED | EXPLORATORY |
| ACTIVE | GAS STORAGE |
| COMBINED | NF PP OIL |
| INACTIVE | NF SECONDARY |
| PROPOSED | PENDING |
| STORAGE | PI OIL |
| TERMINATED | PP GAS |
| | PP GEOTHERML |
| | PP OIL |
| | SECONDARY |
| | TERMINATED |

- Wells Status**
- GAS INJECTION
 - GAS STORAGE
 - LOCATION ABANDONED
 - NEW LOCATION
 - PLUGGED & ABANDONED
 - PRODUCING GAS
 - PRODUCING OIL
 - SHUT-IN GAS
 - SHUT-IN OIL
 - TEMP. ABANDONED
 - TEST WELL
 - WATER INJECTION
 - WATER SUPPLY
 - WATER DISPOSAL
 - DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
DATE: 27-MARCH-2007



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

March 28, 2007

Royalite Petroleum Corporation
3001 Riviera Road
Austin, TX 78733

Re: Royalite Federal 27-1 Well, 660' FNL, 1198' FEL, NE NE, Sec. 27,
T. 27 South, R. 3 West, Piute County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-031-30014.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Piute County Assessor
Bureau of Land Management, Utah State Office

Operator: Royalite Petroleum Corporation
Well Name & Number Royalite Federal 27-1
API Number: 43-031-30014
Lease: UTU-84292

Location: NE NE Sec. 27 T. 27 South R. 3 West

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

May 30, 2008

Royalite Petroleum Corporation
3001 Riveiera Road
Austin, TX 78733

Re: APD Rescinded – Royalite Federal 27-1 Sec. 27, T.27S, R. 3W
Piute County, Utah API No. 43-031-30014


Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 28, 2007. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective May 30, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Utah State Office